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LOUISIANA REAL ESTATE COMMISSION
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA

Financial Statements with Supplementary Information

As of and for the Year Ended June 30, 2014

(With Independent Auditors' Report Thereon)

LOUISIANA REAL ESTATE COMMISSION
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA

Table of Contents

GRIFFIN & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Stephen M. Griffin, CPA
Robert J. Furman, CPA

Independent Auditors' Report

Board of Commissioners
Louisiana Real Estate Commission
Office of the Governor
State of Louisiana
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the Louisiana Real Estate Commission, a component unit of the State of Louisiana, as of and for the year then ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Louisiana Real Estate Commission as of June 30, 2014, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Funding Progress which is included in the notes to financial statements (page 16 of this report) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in a n appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the Commission's basic financial statements. The accompanying supplemental schedules of Commissioner's Per Diems and the Division of Administration reporting package listed in the table of contents are presented for purposes of additional analysis and not a required part of the basic financial statements.

The accompanying supplemental schedules of Commissioner's Per Diems and the Division of Administration reporting package listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2014, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Griffin & Company, LLC

August 29, 2014

LOUISIANA REAL ESTATE COMMISSION
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA

Statement of Net Position

June 30, 2014

(See Independent Auditors' Report)

Assets

Current Assets:		
Cash & cash equivalents	$ 2,318,344	
Due from Louisiana Real Estate Appraisers Board	4,447	
Total current assets		2,322,791
Non-current Assets:		
Capital assets, net of depreciation		3,010,990
		$ 5,333,781

Liabilities

Current Liabilities:		
Accounts payable and accruals	$ 107,712	
Current portion of compensated absences	34,222	
Note payable	514,991	
Total current liabilities		656,925
Non-Current Liabilities		
Compensated absences long-term	20,746	
Other post employment benefits	1,183,500	
Total non-current liabilities		1,204,246
Total liabilities		1,861,171

Net Position

Net investment in capital assets	2,495,999	
Restricted for other specific purpose	400,000	
Unrestricted	576,611	
Total net position		$ 3,472,610

See accompanying notes to the financial statements.

LOUISIANA REAL ESTATE COMMISSION
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA

Statement of Revenues, Expenses, & Changes in Net Position

For the Year Ended June 30, 2014

(See Independent Auditors' Report)

Operating Revenues:				
Licenses, permits, & fees			$	2,255,019
Operating Expenses:				
Personnel services	$	1,441,095		
Travel		32,298		
Operating services		200,328		
Supplies		24,688		
Professional services		69,581		
Other charges		66,769		
Depreciation		82,744		
Total operating expenses				1,917,503
Operating income				337,516
Non-Operating Revenues				
Use of money and property		728		
Other revenues		2,561,585		
Other expenses		(2,507,964)		
Interest expense		(32,338)		
Total non-operating revenues				22,011
Increase in net position				359,527
Net position, beginning of year				3,113,083
Net position, end of year			$	3,472,610

See accompanying notes to the financial statements.

LOUISIANA REAL ESTATE COMMISSION
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA

Statement of Cash Flows

For the Year Ended June 30, 2014

(See Independent Auditors' Report)

Cash flows from operating activities:		
Cash received from license fees, permits and fines	$ 2,257,829	
Cash payments for salaries and related benefits	(1,352,687)	
Cash payments to suppliers for goods and services	(479,039)	
Cash transferred to or expenses paid for the Louisiana Real Estate Appraisers Board	(781,181)	
Cash transferred from or revenues received for the Louisiana Real Estate Appraisers Board	731,409	
Net cash provided by operating activities		376,331
Cash flows from non-capital financing activites:		
Other revenues	2,561,585	
Other expenses	(2,507,964)	
Net cash provided by non-capital financing activites		53,621
Cash flows from capital and related financing activites:		
Principal paid on note payable	(371,560)	
Interest paid on note payable	(32,338)	
Net cash used by capital and related financing activites		(403,898)
Cash flows from investing activities:		
Interest received	728	
Net cash provided by investing activities		728
Net increase in cash		26,782
Cash and cash equivalents - beginning of year		2,291,562
Cash and cash equivalents - end of year		$ 2,318,344

See accompanying notes to the financial statements.

LOUISIANA REAL ESTATE COMMISSION
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA

Statement of Cash Flows

For the Year Ended June 30, 2014

(See Independent Auditors' Report)

Reconciliation of operating income to net cash provided by operating activities:

Operating income			$	337,516
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	$	82,744		
Changes in assets and liabilities:				
Accounts payable and accruals		(3,063)		
Deposits held for others		(75,589)		
Unearned collections				
Due to others		-		
Due to/from Louisiana Real Estate Appraisers Board		(49,772)		
Compensated absences due within a year		(2,759)		
Compensated absences greater than one year		554		
Other post employment benefits		86,700		
Total adjustments				38,815
Net cash provided by operating activites			$	376,331

See accompanying notes to the financial statements.

(1) Summary of Significant Accounting Policies

(a) Introduction

The Louisiana Real Estate Commission is a component unit of the State of Louisiana created under the provisions of Louisiana Revised Statute 37:1430-1470, within the Office of the Governor, and is domiciled in East Baton Rouge Parish. The commission consists of eleven members appointed by the Governor. The members may receive a per diem not to exceed $50 per meeting or day spent on business of the commission, plus travel expenses. The commission is charged with the responsibility of regulating the issuance of real estate licenses and timesharing registrations. Operations of the commission are funded through self-generated revenues.

(b) Measurement Focus, Basis of Accounting, and Financial Basis Presentation

The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and financial reporting standards.

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The Commission is considered a component unit of the State of Louisiana because the state exercises oversight responsibility in that the Governor appoints the commission members and public service is rendered within the state's boundaries. The accompanying financial statements present only transactions of the Louisiana Real Estate Commission. Annually, the State of Louisiana issues basic financial statements, which include the activity contained in the accompanying financial statements.

All activities of the Commission are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The accounting and financial reporting treatment applied to the Commission is determined by its measurement focus. The transactions of the Commission are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the Statement of Net Position. Net position is segregated into net investment in capital assets, restricted, and unrestricted.

(c) Assets, Liabilities, and Net Assets

Cash and Investments

Cash includes petty cash, demand deposits and certificates of deposit. Under state law, the Commission may deposit funds in a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the Commission may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, the Commission may invest in United States Treasury obligations, United States government agency obligations, and direct security repurchase agreements, or in eligible mutual funds that invest in these securities. Investments are stated at fair value.

Capital Assets

Capital assets are recorded at cost, if purchased or constructed. Assets acquired through contributions are capitalized at their estimated fair value, if available, or at estimated fair value or cost to construct at the date of the contribution. Furniture and equipment includes all items valued over $5,000. Assets are depreciated using the straight-line method over the useful lives of the assets as follows:

	Years
Automobiles	5
Data processing equipment	5
Furniture and equipment	10
Building	40

Compensated Absences

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits. Compensated absences are computed in accordance with GASB Codification Section 060, and are recognized as an expense and liability in the financial statements when incurred.

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned. Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employee's hourly rate of pay at termination or transfer. Compensatory leave is computed in accordance with GASB Codification Section C60.105, and is recognized as an expense and liability in the financial statements when incurred.

Fund Equity

Net position comprises the various net earnings from operation, non-operating revenues, expenses, and contributions of capital. Net position is classified in the following three components:

Net investment in capital assets - Consists of all capital assets, net of accumulated depreciation.

Restricted - Consists of external constraints placed on net position use imposed by law through enabling legislation. The Louisiana Real Estate Recovery Fund has $400,000 of net assets restricted by Louisiana Revised Statute 37:1461.

Unrestricted - Consists of all other net position accounts that are not included in the other categories previously mentioned.

(2) Stewardship, Compliance, and Accountability

Annually, the Commission adopts a budget as prescribed by Revised Statute 39:1331-1342. The budget for fiscal year ended June 30. 2014, was adopted on October 18, 2012 and is prepared on the modified accrual basis of accounting. Although budget amounts lapse at year-end, the Commission retains its unexpended net position to fund expenditures of the succeeding year.

(3) Deposits with Financial Institutions

At June 30, 2014, the Commission has cash (book balances) totaling $2,318,344. Deposits in bank accounts are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent banks. The fair value of the pledged securities plus the federal security must at all times equal the amount on deposit with the fiscal agents. At June 30, 2014, the Commission has $2,341,390 in deposits (collected bank balances) that were 100 percent insured or collateralized with securities held by the Commission or its agent in the Commission's name.

(4) Capital Assets

A summary of changes in capital assets is as follows:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Capital Assets Not Being Depreciated				
Land	$ 198,460	-	-	198,460
Capital Assets Being Depreciated				
Furniture & Equipment	125,093	-	-	125,093
Building	3,304,484	-	-	3,304,484
Total Capital Assets Being Depreciated	3,429,577	-	-	3,429,577
Less Accumulated Depreciation for:				
Furniture & Equipment	(124,961)	(132)	-	(125,093)
Building	(409,342)	(82,612)	-	(491,954)
Total Accumulated Depreciation	(534,303)	(82,744)	-	(617,047)
Total Capital Assets Being Depreciated, Net	2,895,274	(82,744)	-	2,812,530
Total Capital Assets, Net	$ 3,093,734	(82,744)	-	3,010,990

(5) Accounts Payable and Accruals

At June 30, 2014, the Commission had payables totaling $107,712 as follows:

Accounts payable	$	77,452
Accrued wages payable		27,095
Refunds payable		3,165
	$	107,712

(6) Note Payable

The Commission has a note payable to Iberia Bank which was incurred to construct the office space for the Commission located at 9071 Interline Avenue, Baton Rouge, Louisiana. The outstanding balance on the note was $514,991 as of June 30, 2014, has an interest rate of 4.85% and is payable upon demand. The loan is secured by a pledge of Commission revenues, deposits with Iberia Bank, and a mortgage on the Commission's land and building. Unless a demand for payment is made, the loan is being repaid in monthly installments based on a 15 year amortization. The Commission has received approval from the Louisiana Bond Commission to borrow the proceeds of revenue bonds for the construction of aforementioned office space. The bond proceeds will be used to pay off the construction loan on the building. It is anticipated that this note will be paid off before maturity by the issuance of the aforementioned bonds, which will have terms similar to the note.

(7) Compensated Absences

The following is a summary of changes in compensated absences for the year ended June 30, 2014:

	July 1, 2013	Additions	Reductions	June 30, 2014
Compensated Absences	$ 57,173	40,709	(42,914)	54,968

(8) Retirement System

Substantially all employees of the Commission belong to the Louisiana State Employees Retirement System, a single employer defined benefit pension plan. The System is a statewide public employee retirement system and is available to all eligible employees. The System publishes annual financial reports that include detailed historical, financial, and actuarial information.

All full time Commission employees are eligible to participate in the System. Benefits vest with 10 years of service. Generally, at retirement age, employees are entitled to annual benefits equal to $300 plus 2.5% of their highest consecutive 36 months average salary multiplied by their years of credited service, except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Retirement eligibility for these members is limited to age 60 or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to participate before July 1, 2006 are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of services, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of ten years of service.

The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Members hired before July 1, 2006 are required by state statute to contribute 7.5% of gross salary, while members hired after June 30, 2006 contribute 8% of gross salary. The Commission is required to contribute at an actuarially determined rate as required by Revised Statute 11:102. The Commission's contribution rates for fiscal years ended June 30, 2014, 2013, and 2012 were 31.3%, 29.1%, and 25.6%, respectively, of annual covered payroll. The Commission's contributions to the System for the years ending June 30, 2014, 2013, and 2012 were $286,535, $252,044, and $238,907, respectively, which are the required contributions for each year.

(9) Post Retirement Health Care and Life Insurance Benefits

Plan Description. The Commission's employees may participate in the Louisiana Real Estate Commission's Other Post-employment Benefit Plan (OPEB Plan), an agent multiple-employer defined benefit OPEB Plan that provides medical and life insurance to eligible active employees, retirees and their beneficiaries. The Office of Group Benefits administers the plan. LRS 42:801-883 provides the authority to establish and amend benefit provisions of the plan. The Office of Group Benefits does not issue a publicly available financial report of the OPEB Plan; however, it is included in the Louisiana Comprehensive Annual Financial Report (CAFR). You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap.

Funding Policy. The contribution requirements of plan members and the Commission are established and may be amended by LRS 42:801-883 and are on a pay as you go basis. Employees do not contribute to their post-employment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. The Office of Group Benefits offers four standard plans for both active and retired employees: the Preferred Provider Organization (PPO) Plan, the Health Maintenance Organization (HMO) plan, the Consumer Directed Health Plan with an HSA (CDHP), and the Medical Home HMO Plan (MHHMO). Retired employees who have Medicare Part A and Part B coverage also have access to Medicare Advantage plans which are offered on a calendar year basis. Administrative costs of the OPEB Plan are financed through the premiums collected for all classes of active and retired plan members. Contribution amounts vary depending on which healthcare provider is selected from the plan, years of participation, and if the member has Medicare coverage.

Plan Provisions. Employees hired before January 1, 2002, pay approximately 25% of the cost of coverage (except single retirees under age 65 pay approximately 25% of the active employee cost). Employees with an OGB medical participation start (or re-start) date after December 31, 2001 pay a percentage of the total retiree contribution rate based on the following schedule:

OGB Participation	Employer Contribution Percentage	Employee Contribution Percentage
Under 10 years	19%	81%
10-14 years	38%	62%
15-19 years	56%	44%
20+ years	75%	25%

LOUISIANA REAL ESTATE COMMISSION
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STATE OF LOUISIANA

Notes to Financial Statements

June 30, 2014

Total monthly per capita premium equivalent rates in effect for the plan year 2013-2014:

	PPO	HMO	CDHP	MHHMO
Active:				
Effective January 1, 2014:				
Single	$594	$561	$461	$573
With Spouse	1,262	1,192	979	1,200
With Children	724	684	563	695
Family	1,331	1,257	1,033	1,264
Effective January 1, 2013:				
Single	$576	$544	$447	$536
With Spouse	1,223	1,156	950	1,122
With Children	702	664	545	651
Family	1,290	1,219	1,001	1,183
Retired without Medicare & Re-Employed Retiree:				
Effective January 1, 2014:				
Single	$1,105	$1,047		$1,052
With Spouse	1,951	1,849		1,847
With Children	1,231	1,167		1,171
Family	1,942	1,841		1,839
Effective January 1, 2013:				
Single	$1,071	$1,015		$985
With Spouse	1,892	1,793		1,727
With Children	1,193	1,131		1,095
Family	1,883	1,784		1,719
Retired with 1 Medicare:				
Effective January 1, 2014:				
Single	$359	$347		$352
With Spouse	1,328	1,266		1,262
With Children	622	596		599
Family	1,769	1,686		1,676
Effective January 1, 2013:				
Single	$348	$336		$330
With Spouse	1,287	1,228		1,180
With Children	603	578		561
Family	1,715	1,634		1,567
Retired with 2 Medicare:				
Effective January 1, 2014:				
With Spouse	$646	$621		$621
Family	800	769		766

	PPO	HMO	CDHP	MHHMO
Effective January 1, 2013:				
With Spouse	$626	$602		$582
Family	775	746		717

Medicare Advantage Rates are as follows:

	Retired with 1 Medicare	Retired with 2 Medicare
Effective January 1, 2014:		
Peoples Health HMO	$251	$502
Vantage HMO	151	301
Effective January 1, 2013:		
Peoples Health HMO	$234	$468
Vantage HMO	184	369

OGB also provides eligible retirees Basic Term Life, Basic Plus Supplemental Term Life, Dependent Term Life and Employee Accidental Death and Dismemberment coverage, which is underwritten by The Prudential Company of America. The total monthly premium is approximately $1.08 per thousand dollars of coverage of which the employer pays one-half of the premiums. Maximum coverage is capped at $50,000 with a reduction formula of 25% at age 65 and 50% at age 70, with accidental death and dismemberment coverage ceasing at age 70 for retirees.

Annual OPEB Cost. The Commission's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used. The total ARC for the fiscal year beginning July 1, 2013 is $180,700.

The following table shows the components of the Commission's net OPEB obligation:

		6/30/14	6/30/13	6/30/12
Annual required contribution	$	180,700	169,100	177,100
Interest on Net OPEB Obligation		43,900	41,300	38,800
Adjustment to Annual Required Contribution		(41,900)	(39,400)	(37,100)
Annual OPEB cost (expense)		182,700	170,900	178,800
Contributions made (retiree cost)		(95,985)	(105,400)	(117,600)
Net OPEB obligation – beginning of year		1,096,800	1,031,300	970,100
Net OPEB obligation – end of year	$	1,183,515	1,096,800	1,031,300
% of Annual OPEB Cost Contributed		52.5%	61.7%	65.8%

Funded Status and Funding Progress. **As of June 30, 2014, the Commission did not have an OPEB trust. A trust was established with an effective date of July 1, 2009, but was not funded at all, has no assets, and hence has a funded ratio of zero. Since the plan was not funded, the entire actuarial accrued liability of $2,769,000 was unfunded.**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented below as required supplementary information is intended to provide multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Required Supplementary Information
Schedule of Funding Progress
(in thousands)

Actuarial valuation date			**7/1/2013**	**7/1/2012**	**7/1/2011**
Actuarial value of assets	**a**		**-**	**-**	**-**
Actuarial accrued liability (AAL)	**b**	**$**	**2,769**	**2,777**	**2,391**
Unfunded AAL (UAAL)	**b-a**	**$**	**2,769**	**2,777**	**2,391**
Funded ratio	**a/b**		**0%**	**0%**	**0%**
Covered payroll	**c**	**$**	**890**	**877**	**929**
UAAL as a % of covered payroll	**b-a/c**		**311%**	**319%**	**257%**

For the three valuation periods above, the unfunded actuarial accrued liability is being amortized as a level percentage of payroll over an open amortization period of thirty years.

Actuarial Methods and Assumptions. **Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.**

In the July 1, 2013 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 8% and 6% for pre-Medicare and Medicare eligibles, respectively, scaling down to ultimate rates of 4.5% per year. The Commission's unfunded actuarial accrued liability is being amortized as a level percentage of payroll over an open amortization period of thirty years.

(10) Contingent Liabilities

The Louisiana Real Estate Commission intervenes in lawsuits filed against licensees for the purpose of protecting the Commission's exposure under the Louisiana Real Estate Recovery Fund. At June 30, 2014, the total exposure to the Recovery Fund is estimated to be $0.

(11) Evaluation of Subsequent Events

Subsequent events were evaluated through August 26, 2014, which is the date the financials statements were available to be issued.

(12) Lease and Rental Commitments

Lease and rental expenses for the year ended June 30, 2014 totaled $15,604. The Commission has no capital leases.

(13) Other Revenues

Other revenues consist of $2,507,964 of fees collected from licensees and disbursed as premiums for errors and omissions insurance and $53,621 of miscellaneous revenue.

LOUISIANA REAL ESTATE COMMISSION
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA

Schedule of Commissioners' Per Diems

For the Year Ended June 30, 2014

(See Independent Auditors' Report)

Name		Amount
Michael Bono	$	100
Paul Burns		1,650
Pat Caffery		550
Archie Carraway		700
Timothy Flavin		900
James Gosslee		600
Rodney Noles		-
Steven Hebert		450
Linda Smith		-
Cynthia Stafford		700
Frank Trapani		900
Judy Songy		-
Total	$	6,550

LOUISIANA REAL ESTATE COMMISSION
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2014

CONTENTS

X. Segment Information
Y. Due to/Due from and Transfers
Z. Liabilities Payable from Restricted Assets
AA. Prior-Year Restatement of Net Position
BB. Assets Restricted by Enabling Legislation
(See Appendices Packet - Appendix C at
http://www.doa.louisiana.gov/OSRAP/afrpackets.htm)
CC. Impairment of Capital Assets
(See Appendices Packet - Appendix B at
http://www.doa.louisiana.gov/OSRAP/afrpackets.htm)
DD. Employee Termination Benefits
EE. Pollution Remediation Obligations
FF. American Recovery and Reinvestment Act (ARRA)
GG. Restricted Assets – Other Purposes
HH. Service Concession Arrangements
II. Nonexchange Financial Guarantees

Schedules

1. Schedule of Per Diem Paid to Board Members
15 Schedule of Comparison Figures and Instructions

Schedule Number

STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ended June 30, 2014

LOUISIANA REAL ESTATE COMMISSION
9071 INTERLINE AVE
BATON ROUGE, LA 70809

Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

Physical Address:
1201 N. Third Street
Claiborne Building, 6th Floor, Suite 6-130
Baton Rouge, Louisiana 70802

Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

LLAFileroom@lla.la.gov.

Physical Address:
1600 N. Third Street
Baton Rouge, Louisiana 70802

AFFIDAVIT

Personally came and appeared before the undersigned authority, JENNY YU, CHIEF FINANCIAL OFFICER of LOUISIANA REAL ESTATE COMMISSION who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of LOUISIANA REAL ESTATE COMMISSION at June 30, 2014 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this 29TH day of AUGUST, 2014.

Signature of Agency Official

NOTARY PUBLIC

Prepared by: JENNY YU

Title: CHIEF FINANCIAL OFFICER

Telephone No.: (225) 925-1923

Date: August 29, 2014

Email Address: JYU@LREC.STATE.LA.US

STATE OF LOUISIANA
LOUISIANA REAL ESTATE COMMISSION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014
(See Independent Auditors' Report)

Statement A

ASSETS		
CURRENT ASSETS		
Cash and Cash equivalents	$	2,318,344
Restricted Cash and Cash Equivalents		
Investments		
Derivative Instruments		
Receivables (net of allowance for doubtful accounts)(Note U)		
Due from other funds (Note Y)		4,447
Due from federal government		
Inventories		
Prepayments		
Notes Receivable		
Other Current Assets		
Total current assets		2,322,791
NONCURRENT ASSETS		
Restricted assets (Note F):		
Cash		
Investments		
Receivables		
Investments		
Notes Receivable		
Captial assets, net of depreciation (Note D)		
Land non-depreciable easements		198,460
Buildings and improvements		2,812,530
Machinery and equipment		-
Infrastructure		
Intangible assets		
Construction/Development-in-progress		
Other noncurrent assets		
Total noncurrent assets		3,010,990
Total assets	$	5,333,781
DEFERRED OUTFLOWS OF RESOURCES		
Accumulated decrease in fair value of hedging derivatives	$	
Deferred amounts on debt refunding		
Adjustments of capital lease obligations		
Grants paid prior to meeting time requirements		
Intra-entity transfer of future revenues (transferee)		
Losses from sale-leaseback transactions		
Direct loan origination costs for mortgage loans held for sale		
Fees paid to permanent investors prior to sale of mortgage loans		
Total deferred outflow of resources	$	-
Total assests and deferred outflow of resources	$	5,333,781
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accruals (Note V)	$	107,712
Derivative instrument		
Due to other funds (Note Y)		
Due to federal government		
Unearned revenues		
Amounts held in custody for others		
Other current liabilities		

STATE OF LOUISIANA **Statement A**
LOUISIANA REAL ESTATE COMMISSION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014
(See Independent Auditors' Report)

Liabilities Con't		
Current portion of long-term liabilities: (Note K)		
Contracts payable	$	
Compensated absences payable		34,222
Capital lease obligations		
Claims and litigation payable		
Notes payable		514,991
Pollution remediation obligation		
Bonds payable (include unamortized costs)		
Other long-term liabilities		
Total current liabilities		
NONCURRENT LIABILITIES		
Contracts payable		
Compensated absences payable		20,746
Capital lease obligations		
Claims and litigation payable		
Notes payable		
Pollution remediation obligation		
Bonds payable (include unamortized costs)		
OPEB payable		1,183,500
Other long-term liabilities		-
Total noncurrent liabilities		1,204,246
Total liabilities		
DEFERRED INFLOWS OF RESOURCES		
Accumulated increase in fair value of hedging derivatives	$	
Deferred amounts related to service concession arrangement		
Deferred amounts of debt refunding		
Adjustments of capital lease obligations		
Grants received prior to meeting time requirements		
Property taxes received before the period of which the taxes were levied		
Fines and penalties received in advance of meeting time requirements		
Sales/intra-entity transfers of future revenues (transferor)		
Gains from sale-leaseback transactions		
Points received on loan origination		
Loan origination fees received for mortgage loans held for sale		
Total deferred inflows of resources		-
NET POSITION		
Net investment in capital assets		2,495,999
Restricted for:		
Capital projects		
Debt service		
Unemployment compensation		
Other specific purposes		400,000
Unrestricted		576,611
Total net position		3,472,610
Total liabilities, deferred inflows of resources, and net position	$	3,472,610

The accompanying notes are an integral part of this financial statement.

STATE OF LOUISIANA **Statement B**
LOUISIANA REAL ESTATE COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014
(See Independent Auditors' Report)

OPERATING REVENUE	
Sales of commodities and services	$
Assessments	
Use of money and property	
Licenses, permits, and fees	2,255,019
Federal grants and contracts	
State, local and nongovernmental grants and contracts	
Other	
Total operating revenues	2,255,019
OPERATING EXPENSES	
Cost of sales and services	
Administrative	1,834,759
Depreciation	82,744
Amortization	
Total operating expenses	1,917,503
Operating income(loss)	337,516
NON-OPERATING REVENUES(EXPENSES)	
State appropriations	
Intergovernmental revenues(expenses)	
Taxes	
Use of money and property	728
Gain on disposal of fixed assets	
Loss on disposal of fixed assets	
Federal grants	
Interest expense	(32,338)
Other revenue	2,561,585
Other expense	(2,507,964)
Total non-operating revenues(expenses)	22,011
Income(loss) before contributions, extraordinary items, & transfers	359,527
Capital contributions	
Extraordinary item	
Transfers in	
Transfers out	
Change in net position	359,527
Total net position – beginning	3,113,083
Total net position – ending	$ 3,472,610

The accompanying notes are an integral part of this financial statement.

STATE OF LOUISIANA
LOUISIANA REAL ESTATE COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014
(See Independent Auditors' Report)

Statement C

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Entity	$ 1,949,841	$ 2,255,019	$	$	$ 305,178
General revenues:					
Taxes					
State appropriations					
Grants and contributions not restricted to specific programs					
Interest					728
Miscellaneous					53,621
Special items					
Extraordinary item					
Transfers					
Total general revenues, special items, and transfers					54,349
Change in net assets					359,527
Net position - beginning as restated					3,113,083
Net position - ending					$ 3,472,610

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
LOUISIANA REAL ESTATE COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014
(See Independent Auditors' Report)

Statement D
(continued)

Cash flows from operating activities		
Cash receipts from customers	$ 2,257,829	
Cash receipts from grants and contracts		
Cash receipts from interfund services provided		
Other operating cash receipts, if any		
Cash payments to suppliers for goods or services	(479,039)	
Cash payments to employees for services	(1,352,687)	
Cash payments for interfund services used, including payments "In Lieu of Taxes"		
Other operating cash payments, if any (* provide explanation)	(49,772)	
Net cash provided(used) by operating activities		376,331
Cash flows from non-capital financing activities		
State Appropriations		
Federal receipts		
Federal disbursements		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Transfers in		
Transfers out		
Other (**provide explanation)	53,621	
Net cash provided(used) by non-capital financing activities		53,621
Cash flows from capital and related financing activities		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable	(371,560)	
Interest paid on notes payable	(32,338)	
Acquisition/construction of capital assets		
Proceeds from sale of capital assets		
Capital contributions		
Deposits with trustees		
Deferred proceeds from capital leases		
Net cash provided(used) by capital and related financing activities		(403,898)
Cash flows from investing activities		
Purchases of investment securities		
Proceeds from sale of investment securities		
Interest and dividends earned on investment securities	728	
Net cash provided(used) by investing activities		728
Net increase(decrease) in cash and cash equivalents		26,782
Cash and cash equivalents at beginning of year		2,291,562
Cash and cash equivalents at end of year		$ 2,318,344

STATE OF LOUISIANA
LOUISIANA REAL ESTATE COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014
(See Independent Auditors' Report)

Statement D
(concluded)

Reconciliation of operating income(loss) to net cash provided(used) by operating activities:

Operating income(loss)		$ 337,516
Adjustments to reconcile operating income(loss) to net cash provided(used) by operating activities:		
Depreciation/amortization	82,744	
Provision for uncollectible accounts		
Other		
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net		
(Increase)decrease in due from other funds	(49,772)	
(Increase)decrease in prepayments		
(Increase)decrease in inventories		
(Increase)decrease in other assets		
Increase(decrease) in accounts payable and accruals	(3,063)	
Increase(decrease) in compensated absences payable		
Increase(decrease) in due to other funds	(2,205)	
Increase(decrease) in deferred revenues		
Increase(decrease) in OPEB payable	86,700	
Increase(decrease) in other liabilities	(75,589)	
Net cash provided(used) by operating activities		$ 376,331

Schedule of noncash investing, capital, and financing activities:

Borrowing under capital lease(s)	$
Contributions of fixed assets	
Purchases of equipment on account	
Asset trade-ins	
Other (specify)	
Total noncash investing, capital, and financing activities:	$ -

The accompanying notes are an integral part of this statement.

LOUISIANA REAL ESTATE COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014
(See Independent Accountants' Compilation Report)

Please provide an explanation of what is included in "other." If there are multiple reasons, please list each out separately along with the amount.

* Other (operating cash payments)

Other operating cash payments comprise transfers of cash and expenses paid in excess of cash received from and revenues received for the Louisiana Real Estate Appraisers Board.

**Other (cash flows from non capital financing activities)

Other cash receipts are comprised of miscellaneous revenues of $53,621 and $2,507,964 of fees collected from licensees and disbursed as premiums for errors and omission insurance of $2,507,964.

***Other (cash flows from capital and related financing activities)

STATE OF LOUISIANA
LOUISIANA REAL ESTATE COMMISSION
Notes to the Financial Statement
As of and for the year ended June 30, 2014
(See Independent Auditors' Report)

INTRODUCTION

The Louisiana State Board of Real Estate Commission was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 37:1430 - 1470. The following is a brief description of the operations of Louisiana Real Estate Commission and includes the parish/parishes in which the Louisiana Real Estate Commission is located:

The Louisiana Real Estate Commission is domiciled in East Baton Rouge Parish. The Commission consists of eleven members appointed by the Governor. The members may receive a per diem not to exceed $50 per meeting or day spent on business of the Commission, plus travel expenses. The Commission is charged with the responsibility of regulating the issuance of real estate licenses and timesharing registrations. Operations of the Commission are funded through self-generated revenues.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of Louisiana Real Estate Commission present information only as to the transactions of the programs of the Louisiana Real Estate Commission as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Louisiana Real Estate Commission are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

B. BUDGETARY ACCOUNTING

The appropriations made for the operations of the various programs of the Louisiana Real Estate Commission are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Committee on the Budget, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements includes the original appropriation plus subsequent amendments as follows:

	APPROPRIATIONS
Original approved budget	$ -
Amendments:	
Final approved budget	$ -

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (If all agency cash and investments are deposited in the State Treasury, disregard Note C.) See Appendices Packet - Appendix A at http://www.doa.louisiana.gov/OSRAP/afrpackets.htm, for information related to Note C.

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Louisiana Real Estate Commission may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Louisiana Real Estate Commission may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks, and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the statement of cash flows and statement of net position presentation, all highly liquid investments (including negotiable CDs and restricted cash and cash equivalents) and deposits (including nonnegotiable CDs and restricted cash and cash equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market.. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are required to be held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

GASB Statement 40, which amended GASB Statement 3, eliminated the requirement to disclose all deposits by three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2014, consisted of the following:

	Cash	Nonnegotiable Certificates of Deposit	Other (Describe)	Total
Deposits per statement of net position (Reconciled bank balance)	$ 2,318,344	$	$	$ 2,318,344
Deposits in bank accounts per bank	$ 2,341,390	$	$	$ 2,341,390
Bank balances exposed to custodial credit risk:	$	$	$	$
a. Uninsured and uncollateralized				
b. Uninsured and collateralized with securities held by the pledging institution				
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's				

NOTE: The "Deposits in bank accounts per bank" will not necessarily equal the "Deposits per statement of net position" due to outstanding items.

The following is a breakdown by banking institution, program, and amount of the "Deposits in bank accounts per bank" balances shown above:

Banking Institution	Program	Amount
1. Iberia Bank		$ 2,229,759
2. JP Morgan Chase		111,631
3.		
4.		
Total		$ 2,341,390

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the statement of net position to amounts reported in this note, list below any cash in treasury and petty cash that are included on the statement of net position.

Cash in state treasury	$
Petty cash	$

2. INVESTMENTS **(NOT APPLICABLE)**

3. CREDIT RISK, INTEREST RATE RISK, CONCENTRATION OF CREDIT RISK, AND FOREIGN CURRENCY RISK DISCLOSURES **(NOT APPLICABLE)**

4. DERIVATIVES (GASB 53) **(NOT APPLICABLE)**

5. POLICIES **(NOT APPLICABLE)**

6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS **(NOT APPLICABLE)**

D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the statement of net position of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity is charged as an expense against operations. Depreciation for financial reporting purposes is computed by the straight line method over the useful lives of the assets.

STATE OF LOUISIANA
LOUISIANA REAL ESTATE COMMISSION
Notes to the Financial Statement
As of and for the year ended June 30, 2014
(See Independent Auditors' Report)

Schedule of Capital Assets (includes capital leases)

Agency	Balance 6/30/2013	Prior Period Adjustments	Restated Balance 6/30/2013	Additions	* Reclassification of CIP	** Retirements	Balance 6/30/2014
Capital assets not depreciated:							
Land	$ 198,460	$	$ 198,460	$	$	$	$ 198,460
Non-depreciable land improvements			-				-
Non-depreciable easements			-				-
Capitalized collections			-				-
Software - development in progress			-				-
Construction in progress			-				-
Total capital assets not depreciated	$ 198,460	$ -	$ 198,460	$ -	$ -	$ -	$ 198,460
Other capital assets:							
Depreciable land improvements	$	$	$ -	$	$	$	$ -
** Accumulated depreciation			-				-
Total land improvements	-	-	-	-	-	-	-
Buildings	3,304,484		3,304,484				3,304,484
** Accumulated depreciation	(409,342)		(409,342)	(82,612)			(491,954)
Total buildings	2,895,142	-	2,895,142	(82,612)	-	-	2,812,530
Machinery & equipment	125,093		125,093				125,093
** Accumulated depreciation	(124,961)		(124,961)	(132)			(125,093)
Total machinery & equipment	132	-	132	(132)	-	-	-
Infrastructure			-				-
** Accumulated depreciation			-				-
Total infrastructure	-	-	-	-	-	-	-
Software (internally generated & purchased)			-				-
Other intangibles			-				-
** Accumulated amortization - software			-				-
** Accumulated amortization - other intangibles			-				-
Total intangibles	-	-	-	-	-	-	-
Total other capital assets	$ 2,895,274	$ -	$ 2,895,274	$ (82,744)	$ -	$ -	$ 2,812,530
Capital asset summary:							
Capital assets not depreciated	$ 198,460	$ -	$ 198,460	$ -	$ -	$ -	$ 198,460
Other capital assets, book value	3,429,577	-	3,429,577	-	-	-	3,429,577
Total cost of capital assets	3,628,037	-	3,628,037	-	-	-	3,628,037
Accumulated depreciation/amortization	(534,303)	-	(534,303)	(82,744)	-	-	(617,047)
Capital assets, net	$ 3,093,734	$ -	$ 3,093,734	$ (82,744)	$ -	$ -	$ 3,010,990

* Should only be used for those completed projects coming out of construction-in-progress to capital assets.
** Enter a negative number except for accumulated depreciation in the retirement column

If other intangible assets were reported in the table above, list the types of intangible assets, their cost, and accumulated amortization for each type of intangible assets reported.

____

____

E. INVENTORIES (NOT APPLICABLE)

F. RESTRICTED ASSETS (NOT APPLICABLE)

G. LEAVE

1. COMPENSATED ABSENCES

The Louisiana Real Estate Commission has the following policy on annual and sick leave: (Describe leave policy.)

An example disclosure follows:
Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the fund when leave is actually taken; it is recognized in the enterprise funds when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations.

2. COMPENSATORY LEAVE

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employees' hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2014 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be $2,778. The leave payable is recorded in the accompanying financial statements.

H. RETIREMENT SYSTEM

Substantially all of the employees of the Louisiana Real Estate Commission are members of the Louisiana State Employees Retirement System (LASERS), a single employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees. (Note: If LASERS is not your entity's retirement system, indicate the retirement system that is and replace any wording in this note that doesn't apply to your retirement system with the applicable wording.)

All full-time Louisiana Real Estate Commission employees are eligible to participate in the System unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS. Normal benefits vest with 10 years of service. Generally, retirement age employees are entitled to annual benefits equal to $300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to begin participation in the DBP before July 1, 2006, are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2013 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. A copy of the report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton

Rouge, Louisiana 70804-4213, or by calling (225) 922-0600 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and are also available on-line at: http://www.lasersonline.org/uploads/CAFR_2013.pdf

All members are required by state statute to contribute with the vast majority of employees of the state who became members before July 1, 2006 contributing 7.5% of gross salary. Act 75 of the 2005 Regular Session increases the member contribution rate from 7.5% to 8% for new members hired after June 30, 2006. The Louisiana Real Estate Commission is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2014, decreased / increased to 31.3% of annual covered payroll from the 29.1% and 25.6% required in fiscal years ended June 30, 2013 and 2012 respectively. The Louisiana Real Estate Commission contributions to the System for the years ending June 30, 2014, 2013, and 2012, were $286,535, $252,044, and $238,907, respectively, equal to the required contributions for each year.

I. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

GASB Statement 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* addresses accounting and financial reporting for OPEB trust and agency funds of the employer. GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* establishes standards of accounting and financial reporting for OPEB expense/expenditures and related OPEB liabilities or OPEB assets, note disclosures, and required supplementary information (RSI) in the financial reports of governmental employers. See the GASB Statement 45 note disclosures requirements in section 2 of this note.

1. Calculation of Net OPEB Obligation

Complete the following table for only the net OPEB obligation (NOO) related to OPEB administered by the Office of Group Benefits. The ARC, NOO at the beginning of the year, interest, ARC adjustment, and Annual OPEB Expense have been computed for OGB participants (see OSRAP's website - http://www.doa.louisiana.gov/OSRAP/afrpackets.htm) and select "GASB 45 OPEB Valuation Report as of July 1, 2013, to be used for fiscal year ending June 30, 2014." Report note disclosures for other plans, not administered by OGB, separately.

Annual OPEB expense and net OPEB Obligation

Fiscal year ending	6/30/2014
1. * ARC	180,700.00
2. * Interest on NOO	43,900.00
3. * ARC adjustment	41,900.00
4. * Annual OPEB Expense (1. + 2. - 3.)	182,700.00
5. Contributions (employer pmts. to OGB for retirees' cost of 2014 insurance premiums)	95,985.00
6. Increase in Net OPEB Obligation (4. - 5.)	86,715.00
7. *NOO, beginning of year (see actuarial valuation report on OSRAP's website)	1,096,800.00
8. **NOO, end of year (6. + 7.)	1,183,515.00

*This must be obtained from the OSRAP website on the spreadsheet "GASB 45 OPEB Valuation Report as of July 1, 2013, to be used for fiscal year ending June 30, 2014."

**This should be the same amount as that shown on the statement of net position for the year ended June 30, 2014 if your entity's only OPEB is administered by OGB.

For more information on calculating the net OPEB obligation, see the Appendices Packet, Appendix D, at http://www.doa.louisiana.gov/OSRAP/afrpackets.htm.

J. LEASES

NOTE: Where five-year amounts are requested, list the total amount (sum) for the five-year period, not the annual amount for each of the five years.)

1. OPERATING LEASES

The total payments for operating leases during fiscal year 2013-2014 amounted to $15,604. **(Note: If lease payments extend past FY 2029, create additional columns and report these future minimum lease payments in five year increments.)** A schedule of payments for operating leases follows: (NOT APPLICABLE)

2. CAPITAL LEASES (NOT APPLICABLE)

3. LESSOR DIRECT FINANCING LEASES (NOT APPLICABLE)

4. LESSOR – OPERATING LEASE (NOT APPLICABLE)

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2014:

Year ended June 30, 2014

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014	Amounts due within one year
Notes and bonds payable:					
Notes payable	$	$	$	$ -	$
Bonds payable				-	
Total notes and bonds	-	-	-	-	-
Other liabilities:					
Contracts payable				-	
Compensated absences payable	57,173	40,709	42,914	54,968	34,222
Capital lease obligations				-	
Claims and litigation				-	
Pollution remediation obligation				-	
OPEB payable	1,031,300			1,031,300	
Other long-term liabilities				-	
Total other liabilities	1,088,473	40,709	42,914	1,086,268	34,222
Total long-term liabilities	$ 1,088,473	$ 40,709	$ 42,914	$ 1,086,268	$ 34,222

(Balances at June 30th should include current and non-current portion of L-T liabilities.)

(Send OSRAP a copy of the amortization schedule for any new debt issued.) The totals must equal the statement of net position for each type of long-term liabilities.

L. CONTINGENT LIABILITIES (NOT APPLICABLE)

M. RELATED PARTY TRANSACTIONS (NOT APPLICABLE)

N. ACCOUNTING CHANGES (NOT APPLICABLE)

O. IN-KIND CONTRIBUTIONS (NOT APPLICABLE)

P. DEFEASED ISSUES (NOT APPLICABLE)

Q. REVENUES – PLEDGED OR SOLD (GASB 48) (NOT APPLICABLE)

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) (NOT APPLICABLE)

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS (NOT APPLICABLE)

T. SHORT-TERM DEBT (NOT APPLICABLE)

U. DISAGGREGATION OF RECEIVABLE BALANCES (NOT APPLICABLE)

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2014, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
	$ 77,452	$ 27,095	$	$ 3,165	$ 107,712
					-
Total payables	$ 77,452	$ 27,095	$ -	$ 3,165	$ 107,712

W. SUBSEQUENT EVENTS (NOT APPLICABLE)

X. SEGMENT INFORMATION & REPORTING FUNDS OF A BLENDED COMPONENT UNIT (NOT APPLICABLE)

Y. DUE TO/DUE FROM AND TRANSFERS (NOT APPLICABLE)

1. List by fund type the amounts **due from other funds** detailed by individual fund at fiscal year end:

(Types of funds include general fund, statutory dedicated funds, discrete component unit funds, etc).

Type of Fund	Name of Fund	Amount
LA Real Estate Appraisers Board		$ 4,447
Total due from other funds		$ 4,447

2. List by fund type the amounts **due to other funds** detailed by individual fund at fiscal year end:

Type of Fund	Name of Fund	Amount
		$
Total due to other funds		$

3. List by fund type **all transfers from other funds for the fiscal year:**

Type of Fund	Name of Fund	Amount
LA Real Estate Appraisers Board		$ 731,409
Total transfers from other funds		$ 731,409

4. List by fund type **all transfers to other funds for the fiscal year:**

Type of Fund	Name of Fund	Amount
LA Real Estate Appraisers Board		$ 781,181
Total transfers to other funds		$ 781,181

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS (NOT APPLICABLE)

AA. PRIOR-YEAR RESTATEMENT OF NET POSITION (NOT APPLICABLE)

BB. ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB 46) (NOT APPLICABLE)

Of the total assets reported on Statement A at June 30, 2014, $400,000 is restricted by enabling legislation. Enabling legislation authorizes a government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that the resources be used only for the specific purposes stipulated in the legislation. Refer to the Appendices Packet, Appendix C, at http://www.doa.louisiana.gov/OSRAP/afrpackets.htm, for more details on the determination of the amount to be reported as required by GASB Statement 46.

STATE OF LOUISIANA
LOUISIANA REAL ESTATE COMMISSION
Notes to the Financial Statement
As of and for the year ended June 30, 2014
(See Independent Auditors' Report)

List below the assets restricted by enabling legislation, the purpose of the restriction, and the Louisiana Revised Statute (LRS) that authorized the revenue:

Purpose of Restriction	LA Revised Statute Authorizing Revenue	Amount
LA Real Estate Recovery Fund	LSA-RS 37:1461	$ 400,000
Total		$ 400,000

CC. IMPAIRMENT OF CAPITAL ASSETS & INSURANCE RECOVERIES (NOT APPLICABLE)

DD. EMPLOYEE TERMINATION BENEFITS (NOT APPLICABLE)

EE. POLLUTION REMEDIATION OBLIGATIONS (NOT APPLICABLE)

FF. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) (NOT APPLICABLE)

GG. RESTRICTED ASSETS – OTHER SPECIFIC PURPOSES (NOT APPLICABLE)

HH. SERVICE CONCESSION ARRANGEMENTS (NOT APPLICABLE)

II. NONEXCHANGE FINANCIAL GUARANTEES (GASB 70)

STATE OF LOUISIANA
LOUISIANA REAL ESTATE COMMISSION
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
JUNE 30, 2014
(See Independent Auditors' Report)

Name		Amount
Michael Bono	$	100
Paul Burns		1,650
Pat Caffery		550
Archie Carraway		700
Timothy Flavin		900
James Gosslee		600
Rodney Noles		-
Steven Hebert		450
Linda Smith		-
Cynthia Stafford		700
Frank Trapani		900
Judy Songy		-
Total	**$**	6,550

Note: The per diem payments are authorized by Louisiana Revised Statute, and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

SCHEDULE 1

STATE OF LOUISIANA

LOUISIANA REAL ESTATE COMMISSION

COMPARISON FIGURES

(See Independent Auditors' Report)

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than **$5 million**, explain the reason for the change. **Please provide adequate details to clearly explain the change from last year.**

	2014	2013	Difference	Percentage Change
1) Revenues	$ 4,817,332	$ 4,856,725	$ (39,393)	$ (0.81%)
Expenses	4,457,805	4,484,093	(26,288)	(0.59%)
2) Capital assets	3,010,990	3,093,734	(82,744)	(2.67%)
Long-term debt	1,086,268	1,153,973	(67,705)	(5.87%)
Net position	3,472,610	3,113,083	359,527	11.55%

Explanation for change:

SCHEDULE 15

GRIFFIN & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Stephen M. Griffin, CPA
Robert J. Furman, CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Independent Auditors' Report

Board of Commissioners
Louisiana Real Estate Commission
Office of the Governor
State of Louisiana
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Louisiana Real Estate Commission, a component unit of the State of Louisiana (the Commission), as of and for the year ended June 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated August 29, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana Real Estate Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Louisiana Real Estate Commission, management and the Louisiana State Legislative Auditor and is not intended to be, and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Griffin & Company, LLC

August 29, 2014

LOUISIANA REAL ESTATE COMMISSION
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA

Schedule of Findings and Management Corrective Action Plan

For the Year Ended June 30, 2014

Summary of Audit Results:

1. **Type of Report Issued – Unqualified**

2. **Internal Control Over Financial Reporting**
    a. **Significant Deficiencies – No**
    b. **Material Weaknesses – No**

3. **Compliance and Other Matters – No**

4. **Management Letter - No**

LOUISIANA REAL ESTATE COMMISSION
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA

Status of Prior Audit Findings

For the Year Ended June 30, 2014

The prior audit findings for the Louisiana Real Estate Commission are as followings:

<u>Finding 2013-1</u>:

The Louisiana Real Estate Commission allocates certain operating expenses to various funds maintained by the Commission. The Commission's Accufund accounting software automatically allocates the expenses based on percentages approved by the Commission. The accounting staff maintains an electronic spreadsheet in order to compute the amount of cash to transfer between the funds. An audit adjustment was posted by the accounting department in order to agree the due to/due from accounts between the various funds. The adjustment was necessary because a monthly reconcilement had not been prepared comparing the cash transfers from the spreadsheet to the allocation in the Accufund records.

The accounting department should prepare monthly reconcilements of the expenses allocated to the cash transfers between the funds. Entries should be posted based on these monthly reconcilements.

Status:
Resolved.